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**AUDUBON REGIONAL LIBRARY**  
**ANNUAL FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITOR'S REPORT**  
**YEAR ENDED DECEMBER 31, 2012**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/23/13

AUDUBON REGIONAL LIBRARY  
ANNUAL FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **AUDUBON REGIONAL LIBRARY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2012**

As management of the Audubon Regional Library (here after referred to as the Library), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the year ended December 31, 2012. The emphasis of discussions about these statements will be on current year data and should be read in conjunction with the financial report as a whole

#### **FINANCIAL HIGHLIGHTS•**

- The Audubon Regional Library is a two-parish public library system that was organized in 1961. The rural parishes of East Feliciana and St. Helena share administration costs, bookmobile services and library collections to provide enhanced library and information services to the 31,681 residents of the combined parish areas. The Library serves both parishes with a headquarters library in Clinton, two branches in Jackson and Greensburg, and a bookmobile that travels both parishes.
- The Library budget is advertised, subject to public review, approved by the Library Board of Commissioners in December of the previous year and financial reports are reviewed and revised quarterly throughout the year. The Auditor reports to the Board at the conclusion of the audit and makes recommendations, as needed, for improvement.
- In 2012 the Library circulated 42,456 items, which was a 3% increase over 2011. The library recorded 24,861 patrons using electronic resources and used Library wireless for 5,579 additional sessions. This is a 26% increase in electronic access for our patrons. The Library held 145 programs with 6,011 in attendance, which is 15% over the last year. The Library now owns 75,714 items and continues to weed all branches..
- The Library now has 2,189 current borrowers, and added 595 borrowers during 2012. The Library answered 27,482 reference questions.
- The Library remains dependent on the Louisiana State Library for interlibrary loan, technology support, ERATE advice and advice on legal matters. The Library is part of the Children's consortium for summer programs. While this is an independent agency, working together in these areas has benefitted our patrons. The Library, because of its public internet access, has assumed the duties of many State agencies with no IT support from the state agencies in funding nor training.
- The Library's single most pressing problem is space. With 3 tiny Libraries of less than 5,400 square feet total, we badly need at least 31,000 square feet. The Libraries have no performance storage, meeting room or shelf space. Computer users remained packed on top of each other, there is no privacy to fill out government applications, and noise is a constant problem as people try to work.
- The Library is weeding the collection heavily because there is no room for older materials. The Library is storing books we would like to keep in an older church in Clinton, and we are reducing all older books down to one copy and borrowing back and forth to save space.

## **AUDUBON REGIONAL LIBRARY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2012**

- The Library has 3 full time staff (with sick leave and benefits) and 20 part time that equal 9.53 full time equivalents. The Libraries and the Bookmobile are manned with 2 people at a time to work with the public. Their dedication, expertise and creative work are invaluable to our communities. Audubon participates in Louisiana Young Readers Choice and the Summer Reading Program

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the Library.

- The first two statements on pages 10 and 11 are government-wide financial statements that provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances.
- The remaining statements starting on page 12 are fund financial statements that focus on individual parts of the Library's government, reporting the Library's operations in more detail than the government-wide statements.
- The governmental fund statements tell how general government services, such as library services, were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide additional detailed data. The notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements as well as providing budgetary comparison data. The last section of the report contains additional supplemental information regarding the governmental fund-general fund. The rest of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

#### **Government-wide Statements**

The government-wide statements report information about the Library as a whole using the accrual basis of accounting, which is similar to that which is used by private sector companies. The statement of net assets on page 10 includes all of the Library's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statements of activities on page 11, regardless of when cash is received or paid.

These two statements report the Library's net assets and changes in them. Net assets - the difference between the Library's assets and liabilities - is one way to measure the Library's financial health, or financial position. Over time, increases and decreases in the Library's net assets are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors will also need to be considered to assess the overall health of the Library.

The government-wide financial statements of the Library, reports only one type of activity - governmental activities. All of the Library's basic services are included here, such as library services and general administration.

## AUDUBON REGIONAL LIBRARY

### MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2012

#### Fund Financial Statements

The fixed financial statements, beginning on page 12, provide more detail about the Library's most significant funds - not the Library as a whole. State laws require the establishment of some funds. Funds are accounting devices that the Library used to keep track of specific sources of funding and spending for particular purposes.

The Library used only the governmental type of fund with the following accounting approach. Most of the Library's basic services are included in governmental funds, which focus on how cash and other financial assets that can be readily converted to cash flow in and out of those funds, and the balances left at year-end that are available for spending. Those funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements therefore provide a detailed short-term view of the Library's general government operations and the basic services it provides, and helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. Since this information does not include the additional long-term focus of government-wide statements, we provide reconciliations on the subsequent pages that explain the relationship (or difference) between the two different type statements.

#### FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

Net Position. The Library's combined net position increased between fiscal years 2011 and 2012. (See Table 1 below).

**Table 1**  
**Library's Net Position**

	Governmental Activities <u>2011</u>	Governmental Activities <u>2012</u>
Current and other assets	\$ 881,520	\$ 968,777
Capital assets, net	<u>188,812</u>	<u>196,935</u>
Total assets	\$ 1,080,332	\$ 1,165,712
Current liabilities	44,748	41,765
Noncurrent liabilities	<u>0</u>	<u>0</u>
Total liabilities	\$ <u>44,748</u>	\$ <u>41,765</u>
Net position		
Invested in capital assets, net of depreciation	198,812	196,935
Restricted	59,637	60,398
Unassigned	<u>777,135</u>	<u>866,614</u>
Total net position	<u>\$ 1,035,584</u>	<u>\$ 1,123,947</u>

# AUDUBON REGIONAL LIBRARY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2012

### FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

Approximately 72 percent of the Library's revenue comes from a general property tax assessed on the property owners in each parish

The total cost of all programs and services increased from the prior year. The Library's expenses cover all services, which it offers to the public. In addition the Library received additional funds in the form of State aid.

#### Governmental Activities

**Table 2**  
**Changes In Library's Net Position**

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2012</u>
<u>Revenues</u>		
Program Revenues		
Charges for services	\$ 12,697	11,489
State and local grants and donations	85,498	79,465
Donations Building Fund	880	965
Other Revenues	<u>442,637</u>	<u>464,490</u>
Total revenues	\$ <u>541,712</u>	\$ <u>556,409</u>
<u>Expenses</u>		
General governmental	<u>485,498</u>	<u>471,309</u>
Total expenses	\$ <u>485,498</u>	\$ <u>471,309</u>
Increase in net position	\$ <u><u>56,214</u></u>	\$ <u><u>85,100</u></u>

**Table 3**  
**Net Cost of Library's Governmental Activities**

	<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2012</u>
Library Services	\$ <u>485,498</u>	\$ <u>459,820</u>

### FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

As the Library completed the year, its governmental funds reported a combined fund balance of \$927,012 reflecting an increase over the prior year. All, but \$60,398 of this fund balance is unrestricted and unassigned..

#### General Fund Budgetary Highlights

During the year, the library operated well within its budget. Both revenues and expenditures were in favorable positions due to constant oversight and monitoring procedures.

## **AUDUBON REGIONAL LIBRARY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2012**

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### **Capital Assets**

At the end of the year, the Library has invested \$196,935 in capital assets (See Table 4).

**Table 4  
Library's Capital Assets  
(net of accumulated depreciation)**

	Governmental Activities	
	<u>2011</u>	<u>2012</u>
Vehicles	\$ 8,598	\$6,722
Furniture and equipment	23,412	25,364
Library books	<u>166,802</u>	<u>164,849</u>
Total	<u>\$ 198 812</u>	<u>\$196,935</u>

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Approximately 72 percent of the Library's revenues are derived from an ad valorem tax on the voters of each parish. The Parish Police Juries must approve the Library's millage rates for collection of the ad valorem taxes each year. The economy is not expected to generate any significant growth in assessment values. Neither library fees nor grant income is expected to increase; therefore, future revenues are expected to remain consistent with the current year. The budget for the year 2013 should approximate the same as the year's 2012 budget.

#### **CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our parishioners, taxpayers, investors and creditors with a general overview of the Library's financial and to demonstrate the Library's accountability for the money it receives. If you have questions about this report or need additional information, contact Mrs. Mary B. Lindsey, Director, P. O. Box 8389, Clinton, Louisiana 70722.



# W. RANDALL PEAY, LTD.

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Member

American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants  
Governmental Audit Quality Center

## **Independent Auditor's Report**

Board of Commissioners  
Audubon Regional Library  
Clinton, Louisiana

### ***Report on the Financial Statements***

I have audited the accompanying financial statements of the governmental activities and the major fund of the Audubon Regional Library, as of December 31, 2012, and for the year ended, and the related notes to the financial statements, which collectively comprise the Audubon Regional Library's basic financial statements as listed in the table of contents

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error

### ***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I concluded my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Audubon Regional Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Audubon Regional Library's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Audubon Regional Library  
Clinton, Louisiana  
Independent Auditor's Report

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions

**Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and major fund of the Audubon Regional Library as of December 31, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America

**Other Matters**

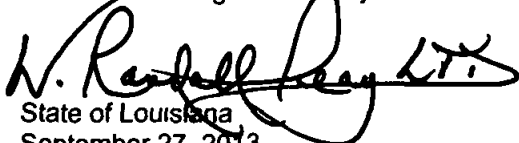
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 5 and the budgetary comparison information on pages 33 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Audubon Regional Library's office financial statements. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

The supplemental information schedules listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have issued a report dated September 27, 2013, on my consideration of the Audubon Regional Library's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Audubon Regional Library's internal control over financial reporting and compliance.

  
State of Louisiana  
September 27, 2013

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**INDEPENDENT AUDITOR'S REPORT**  
**REPORT ON INTERNAL CONTROL OVER FINANCIAL**  
**REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN**  
**AUDIT OF FINANCIAL STATEMENTS PERFORMED IN**  
**ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Audubon Regional Library  
Clinton, Louisiana

I have audited the basic financial statements of the Audubon Regional Library, as of and for the year ended December 31, 2012, and have issued my report thereon dated September 27, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Audubon Regional Library, Parishes of East Feliciana and St. Helena, State of Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

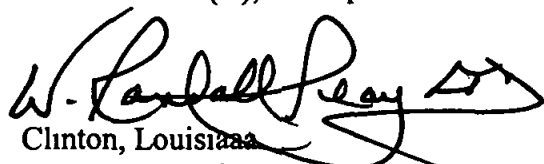
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Audubon Regional Library's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards.

Purpose of This Report

This report is intended solely for the information and use of the Audubon Regional Library, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513(G), this report is distributed by the Legislative Auditor as a public document.

  
Clinton, Louisiana  
September 27, 2013

## **BASIC FINANCIAL STATEMENTS**

AUDUBON REGIONAL LIBRARY

Statement of Net Position  
December 31, 2012

	Governmental Activities
<u>ASSETS</u>	
Cash and cash equivalents	\$236,043
Investments	227,760
Receivables	479,949
Prepaid expenses	25,025
Capital assets, net of depreciation	<u>196,935</u>
Total Assets	<u><u>1,165,712</u></u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	23,435
Intergovernmental payable	14,700
Deferred Grant Revenue	<u>3,630</u>
Total Liabilities	<u>41,765</u>
<u>NET POSITION</u>	
Invested in capital assets	196,935
Restricted - Building fund	60,398
Unassigned	<u>866,614</u>
Total Net Position	<u><u>\$1,123,947</u></u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY

Statement of Activities  
For the Year Ended December 31, 2012

Culture and recreation:	
Personal services	\$ 262,720
Operating services	138,152
Materials and supplies	10,145
Subscriptions & Periodicals	16,569
Depreciation expense	43,723
Total Program Expenses	<u>471,309</u>
Program revenues:	
Fines and forfeitures	2,249
Fees and charges for Library services	9,240
Net Program Expenses	<u>459,820</u>
General revenues:	
Taxes - ad valorem	402,327
Intergovernmental:	
State revenue sharing	51,686
Other state grants	23,010
Local grants	4,769
Interest earned	2,743
Other revenue	2,298
E-Rate reimbursements	57,122
Donations - Building fund	965
Total general revenues	<u>544,920</u>
Change in Net Position	85,100
Net Position - Beginning of year	<u>1,035,584</u>
Net Position - End of year	<u><u>\$1,120,684</u></u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTAL (MEMORANDUM, (ONLY))</u>
	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$236,043		\$236,043
Investments, at amortized cost	167,362	\$60,398	227,760
Receivables	479,949		479,949
Prepaid Expenses	25,025		22,916
Total assets	<u>908,379</u>	<u>60,398</u>	<u>966,668</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>Liabilities</u></b>			
Accounts payable & accrued liabilities	23,435		23,435
Intergovernmental payable	14,700		14,700
Deferred Grant Revenue	3,630		3,630
Total liabilities	<u>41,765</u>	<u>0</u>	<u>41,765</u>
<b><u>FUND BALANCE</u></b>			
Fund balance-reserved for building fund		60,398	60,398
Fund balance- unassigned	866,614		866,614
Total Fund Balances	<u>866,614</u>	<u>60,398</u>	<u>927,012</u>
Total liabilities and Fund Balance	<u>\$908,379</u>	<u>\$60,398</u>	<u>\$968,777</u>

The accompanying notes are an integral part of this statement



AUDUBON REGIONAL LIBRARY

Reconciliation of the Balance Sheet-Governmental Funds  
to the Statement of Net Position

For the Year Ended December 31, 2012

Total fund balance - governmental funds	\$927,012
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Amounts reported for governmental activities in the statement  
of net position are different because:

Capital assets used in governmental activities are not current  
financial resources and, therefore, are not reported in the  
Balance sheet - governmental funds.

196,935
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Total net position of governmental activities
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<u>\$1,123,947</u>
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The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY

STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2012

	GENERAL FUND	SPECIAL REVENUE FUNDS	TOTAL (MEMORADUM) (ONLY)
<b><u>REVENUES</u></b>			
Ad valorem taxes	\$402,327		\$402,327
Intergovernmental revenues			
State revenue sharing	51,686		51,686
E-Rate revenue	57,122		57,122
State aid	23,010		23,010
Local grants	4,769		4,769
Interest earnings	1,694	1,049	2,743
Fees and charges for			
library services	9,240		9,240
Fines and forfeitures	2,249		2,249
Donations and gifts	1,850		1,850
Donations - Building fund	965		965
Miscellaneous income	448		448
<u>Total revenues</u>	<u>555,360</u>	<u>1,049</u>	<u>556,409</u>
<b><u>EXPENDITURES</u></b>			
Salaries and related			
benefits	262,720		262,720
Rents	13,800		13,800
Telephone	57,287		57,287
Grant expense	8,409		8,409
Insurance	13,827		13,827
Intergovernmental	14,700		14,700
Utilities	10,250		10,250
Professional services	8,530		8,530
Bookmobile	6,226		6,226
Travel	1,330		1,330
Repairs and maintenance	2,923		2,923
Materials and supplies	10,145		10,145
Subscriptions & periodicals	16,569		16,569
Capital outlay	41,847		41,847
Miscellaneous	870		870
<u>Total Expenditures</u>	<u>469,433</u>	<u>0</u>	<u>469,433</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY

STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	GENERAL FUND	SPECIAL REVENUE FUNDS	TOTAL (MEMORADUM) (ONLY)
<u>NET CHANGE IN FUND BALANCES</u>	<u>\$85,927</u>	<u>\$1,049</u>	<u>\$86,976</u>
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>828,224</u>	<u>8,548</u>	<u>836,772</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$914,151</u>	<u>\$9,597</u>	<u>\$923,748</u>

The accompanying notes are an integral part of this statement

**AUDUBON REGIONAL LIBRARY**

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities**

**For the Year Ended December 31, 2012**

Net change in fund balances - total governmental funds	\$86,976
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Amounts reported for governmental activities in the statement of activities are  
different because.

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expenses. This is the amount which  
depreciation exceeded capital outlays in the current period.

Depreciation expense	(43,723)
Capital outlays	<u>41,847</u>

Change in net position of governmental activities	<u><u>\$85,100</u></u>
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The accompanying notes are an integral part of this statement

## AUDUBON REGIONAL LIBRARY

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2012

#### INTRODUCTION

The Audubon Regional Library was established in 1963, as authorized by Louisiana Revised Statute 25:217, through the cooperative efforts of the police juries of St. Helena and East Feliciana Parishes. The Library provides citizens of these parishes access to library materials, books, magazines, records and films. The Library is governed by a board of commissioners consisting of eight members, three appointed from each parish by their police jury, and two who are the police jury presidents for each parish who serve as ex-officio members. Terms for appointed members are for five years, and members serve without pay. Libraries located in Clinton, Greensburg and Jackson, are supported by property tax assessments in both parishes.

#### Note #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Basis of Presentation

The accompanying basic financial statements of the Audubon Regional Library have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Government, issued in June 1999.

##### B. Reporting Entity

Governmental Accounting Standards Board No. 14 established criteria for determining which component units should be considered part of the police jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes

1. Appointing a voting majority of an organization's governing body, and

AUDUBON REGIONAL LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

- a      The ability of the police jury to impose its will on that organization and/or
  - b      The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury
2.      Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3.      Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Audubon Regional Library is considered a joint venture of the participating police juries, and therefore, issues fund financial statements separate from the police juries. The accompanying basic financial statements present information only on the funds maintained by the library.

**C      Fund Accounting**

The library uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain library functions and activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the library are classified as governmental funds. Governmental funds account for the library's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds of the library include:

AUDUBON REGIONAL LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

Governmental Funds

Governmental funds account for all or most of the library's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The differences between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the library. The following are the library's governmental funds.

General fund - the primary operating fund of the library. It accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transacted in accordance with state and federal laws and according to the library policy.

Special Revenue Funds

The special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

D Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the library as a whole. These statements include all the financial activities of the library. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when each is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement no. 33, Accounting and Financial Reporting for Nonexchange Transactions.

AUDUBON REGIONAL LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

D. Measurement Focus/Basis of Accounting (continued)

Program Revenues - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from library users as a fee for services; program revenues reduce the cost of the function to be financed from the library's general revenues.

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and used (i.e. expenditures and other funding uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the library's operations (See the reconciliation statements).

The amounts reflected in the General Fund in the FFS use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectable within the current period or soon enough thereafter to pay liabilities of the current period. The library considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures.



AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)

D. Measurement Focus/Basis of Accounting (continued)

Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. Taxes are generally collected in December of the current year end and January and February of the following year.

Where grant revenue is dependent upon expenditures by the Library, revenue is recognized when the related expenditures are incurred.

Interest income on time deposits (certificates of deposit) is recorded when earned.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated vacation leave, which is not accrued.

Other Financing Sources (Uses)

Transfers between funds, which are not expected to be repaid, are accounted for as other financing sources (uses) and are recorded when incurred.

E. Budgets

The director directs the preparation of a proposed budget annually and submits it the Board for adoption.

## AUDUBON REGIONAL LIBRARY

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

E. Budgets (continued)

A summary of the proposed budget, along with the public hearing, details the availability of the proposed budget for public inspection, are advertised in the official journals of East Feliciana and St. Helena Parishes at least ten days prior to the date of the public hearing. After the public hearing is held, the budget is formally adopted at a regular board meeting. A summary of the adopted budget is published in the official journal.

Formal budget integration is employed as a management control device during the year.

Budgetary amendments require the approval of the board  
All budgetary appropriations lapse at the end of the year.

Budgetary amounts included in the accompanying financial statements reflect the original adopted budget and all budget amendments.

F. Encumbrances

The library does not use encumbrance accounting .

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing deposits, and time deposits.. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the library may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. Investments

Investments are limited by Louisiana Revised Statue (R.S ) 33:2955 and the Library's investment policy If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents

AUDUBON REGIONAL LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

I     Prepaid Expenses

Prepaid expenses are comprised of payments made for cost that will benefit periods beyond December 31, 2012.

J     Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded at their estimated fair market value at the date of donation. The library maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives.

Equipment & Furniture	5 - 7 years
Vehicles	10 years
Library collections	5 - 7 years

K.    Compensated Absences

Staff members who work 34 hours or more per week are considered full time. After having been employed 6 months and having satisfactorily completed the 6 month probationary period, employees will earn annual and sick leave as follows:

AUDUBON REGIONAL LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

K Compensated Absences (continued)

6 months through 4 years

One work day per month

5 through 9 years

1.5 work days per month

10 years and over

2 work days per month

12 days of unused annual leave may be carried over.

All unused sick leave may be carried over.

Only full time employees will be compensated for unused annual leave upon termination.

L Restricted Assets

For government-wide statement of net position, assets are reported as restricted when constraints placed on asset use are either

- a. externally imposed by creditors (such as debt covenants), grants, contributors, or laws or regulations of other governments; and
- b. imposed by law through constitutional provisions or enabling legislation.

M. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

N. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

AUDUBON REGIONAL LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

Note #2      CASH AND CASH EQUIVALENTS

These deposits are stated at cost which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount of deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2012 the library has cash and cash equivalents (book balances) totaling \$236,047. This total is comprised of \$57 cash on hand and \$235,985 in interest-bearing demand deposits.

Note #3      INVESTMENTS

At December 31, 2012, investments are comprised of time certificates of deposit and savings in the amount of \$227,760.

Investments are limited by law and the library's investment policies. The investments in time certificates of deposit is secured from risk by federal depositary insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Time Certificates of deposit and savings in the amount of \$60,398 is restricted as part of the building funds.

At December 31, 2012, the unrestricted investment's amortized cost and the market value are \$167,361.

Note #4      RECEIVABLES

The following is a summary of receivables at December 31, 2012

Ad valorem taxes	\$ 402,327
State revenue sharing	51,686
E-Rate	<u>25,937</u>
Total	<u>\$479,950</u>

AUDUBON REGIONAL LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

Note #5      CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2012 is as follows:

<u>Governmental Activities</u>	<u>Balance Dec 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2012</u>
Vehicles & Equipment	\$130,644			\$130,644
Furniture & Equipment	393,543	12,221	0	405,764
Library Collection	<u>562,180</u>	<u>29,626</u>	<u>0</u>	<u>591,806</u>
Total	<u>\$1,086,367</u>	<u>\$41,847</u>	<u>\$ 0</u>	<u>\$1,128,214</u>
Less accumulated depreciation:				
Vehicles	122,046	\$ 1,876	-0-	123,922
Furniture & Equipment	370,131	10,269	-0-	380,400
Library Collection	<u>395,379</u>	<u>31,578</u>	<u>-0-</u>	<u>426,957</u>
Total	<u>\$ 887,556</u>	<u>\$ 43,723</u>	<u>-0-</u>	<u>\$931,279</u>

During 2012 the library purchased \$41,847 of capital outlay expenditures.

AUDUBON REGIONAL LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

Note #6

PENSION PLAN

All full time employees of the library, regularly scheduled over 28 hours, are eligible to be members of the Parochial Employees Retirement System of Louisiana, a multiple-employer, public employee retirement system, controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Eligible employees of the library are members of Plan B. Contributions of participating agencies are pooled within the system to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds are eligible to participate in the System. Employees hired prior to 1/1/07 are eligible to retire with 7 years at age 65, 10 years at age 60 or with 30 years at age 55. Employees hired 1/1/07 and later are eligible to retire with 7 years at age 67, 10 years at age 62 or with 30 years at age 55. The retirement benefit is payable monthly for life and is calculated by multiplying the members years of service credit times 2% per year times the member's final average compensation. Final average compensation is defined as the average of the highest consecutive 36 months salary of members hired prior to 1/1/07. For those hired 1/1/07 and later, final average compensation is defined as the average of the highest consecutive 60 months salary. The retirement system issues an annual audit report and an annual actuarial report which can be downloaded from their website, [www.persia.org](http://www.persia.org).

Members are required to contribute 3.0% of their annual covered salary and the library is required to contribute 10% of annual covered payroll. The Library contributed \$6,614 during 2012 as its share of employees contributions. The Library does not guarantee the benefits granted by the retirement system. In 2012 the Library had 3 full time qualified staff members..

Note #7

LEASES

The library is committed under leases for building and office space. These leases are considered for accounting purposes to be an operating leases. Lease expenditures for the year ended December 31, 2012, amounted to \$13,800.

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(continued)

Note #7     LEASES (continued)

Future minimum lease payments for these leases is as follows:

<u>Year</u> <u>Ending</u>	<u>Amount</u>
2013	\$13,800
2014	13,800
2015	13,800
2016	12,200
2017	<u>4,200</u>
	<u>57,800</u>

The library has no capital leases.

Note #8     LITIGATION AND CLAIMS

The library is not involved in litigation at December 31, 2012.

Note #9     LEVIED TAXES

In November 2007 the voters in East Feliciana and St. Helena Parishes approved a millage rate of 2.50 mills to be levied for the next ten years in support of the library

The following is a summary of levied ad valorem taxes for 2012.

Parish wide maintenance tax

East Feliciana	2.50
St. Helena	2.50

Note #10    BOARD MEMBERS PER DIEM

The board members are not paid per diem nor compensation for their service.



AUDUBON REGIONAL LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

(continued)

Note #11 RELATED PARTY TRANSACTIONS

There are no related party transactions that require disclosure

Note #12 RISK MANAGEMENT

The Audubon Regional Library is exposed to various risks of loss including injuries to workers, criminal or property damage, theft and other possible related claims. The library purchases commercial insurance to minimize this risk of loss from these types of occurrences. There was no significant reductions in insurance coverage from the prior year.

Note #13 SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 27, 2013, the date on which the financial statements were available to be issued.

Note #14 ERATE REVENUE

Audubon Regional Library qualifies and participates in the federal ERATE program. This program reimburses the Library for a percentage of telecommunication and Internet charges by AT&T and Century-Tel. The program runs each year from June 30 - July 1. In 2012 charges for networking and phone service was \$57,287 and the E-Rate reimbursement was \$57,122.

## SPECIAL REVENUE FUNDS

### Sarah T. Jones Memorial Fund

Sarah T. Jones Memorial Fund accounts for funds donated to the library by friends of Sarah T. Jones. These funds are to be used exclusively for the purchase of furniture and equipment for the library.

### Judge William T. Bennett Memorial Fund

The Judge William T. Bennett Memorial Funds accounts for funds donated to the library by friends of Judge William T. Bennett. These funds are to be used for furnishings, decorations or equipment for the library.

### Clinton and Greensburg Library Building Funds

These donations by donors are funds to be raised for the purposed building of new library facilities in Clinton and Greensburg.

AUDUBON REGIONAL LIBRARY

SPECIAL REVENUE FUNDS  
BALANCE SHEET  
December 31, 2012

	LIBRARY BUILDING FUNDS	SARAH T JONES MEMORIAL FUND	JUDGE WILLIAM T BENNETT MEMORIAL FUND	TOTAL (MEMORANDUM ONLY)
<u>ASSETS AND OTHER DEBITS</u>				
Assets				
Investments and savings	<u>\$57,757</u>	<u>\$1,562</u>	<u>\$1,079</u>	<u>\$60,398</u>
<u>Total Assets</u>	<u>57,757</u>	<u>1,562</u>	<u>1,079</u>	<u>60,398</u>
LIABILITIES, EQUITY AND OTHER EQUITY				
EQUITY AND OTHER CREDITS				
Fund balance undesignated	<u><u>\$57,757</u></u>	<u><u>\$1,562</u></u>	<u><u>\$1,079</u></u>	<u><u>\$60,398</u></u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY

SPECIAL REVENUE FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
DECEMBER 31, 2012

	LIBRARY BUILDING FUNDS	SARAH T. JONES MEMORIAL FUND	JUDGE WILLIAM T BENNETT MEMORIAL FUND	TOTAL (MEMORANDUM ONLY)
<b><u>REVENUES</u></b>				
Interest earnings	743	\$11	\$7	\$1,324
<b><u>Total Revenues</u></b>	<b>743</b>	<b>11</b>	<b>7</b>	<b>1,324</b>
<b><u>EXPENDITURES</u></b>				
	0	0	0	0
<b><u>Total Expenditures</u></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>EXCESS OF REVENUES OVER EXPENDITURES</u></b>	<b>743</b>	<b>11</b>	<b>7</b>	<b>761</b>
<b><u>FUND BALANCES AT BEGINNING OF YEAR</u></b>	<b>57,014</b>	<b>1,551</b>	<b>1,072</b>	<b>59,637</b>
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b>57,757</b>	<b>1,562</b>	<b>1,079</b>	<b>60,398</b>

The accompanying notes are an integral part of this statement

## **REQUIRED SUPPLEMENTARY INFORMATION**

AUDUBON REGIONAL LIBRARY

COMBINED STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2012

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<b><u>REVENUES</u></b>			
Ad valorem taxes	\$396,152	\$402,327	\$6,175
State revenue sharing	51,914	51,686	(228)
E-Rate revenue	55,725	57,122	1,397
State aid	23,010	23,010	0
Local grants	4,263	4,769	506
Interest earnings	6,700	2,743	(3,957)
Fees and charges for library services	8,000	9,240	1,240
Fines and forfeitures	2,700	2,249	(451)
Donations and gifts	2,000	1,850	(150)
Donations - Building fund	500	965	465
Miscellaneous income	850	448	(402)
<b><u>Total revenues</u></b>	<b><u>551,814</u></b>	<b><u>556,409</u></b>	<b><u>4,595</u></b>
<b><u>EXPENDITURES</u></b>			
Salaries and related benefits	303,534	262,720	40,814
Rents	13,800	13,800	0
Telephone & networking	60,228	57,287	2,941
Grant expense	4,263	8,409	(4,146)
Insurance	17,200	13,827	3,373
Intergovernmental	14,700	14,700	0
Utilities	15,000	10,250	4,750
Professional services	8,850	8,530	320
Travel	3,500	1,330	2,170
Repairs and maintenance	5,100	2,923	2,177
Materials and supplies	12,325	10,145	2,180
Bookmobile	8,000	6,226	1,774
Subscriptions & periodicals	17,931	16,569	1,362
Capital outlay	42,500	41,847	653
Miscellaneous	0	870	(870)
<b><u>Total Expenditures</u></b>	<b><u>526,931</u></b>	<b><u>469,433</u></b>	<b><u>57,498</u></b>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY

COMBINED STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2012

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
NET CHANGE IN FUND BALANCES	<u>24,883</u>	<u>86,976</u>	<u>62,093</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>836,772</u>	
FUND BALANCE AT END OF YEAR		<u>\$923,748</u>	

The accompanying notes are an integral part of this statement

## **SUPPLEMENTAL INFORMATION**



**AUDUBON REGIONAL LIBRARY**

**SCHEDULE OF AUDIT FINDINGS**

**For the Year Ended December 31, 2012**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Audubon Regional Library.
2. No instances of noncompliance material to the financial statements of the Audubon Regional Library was disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

2012 - 1

The Audit Report was filed late due to the illness of the auditor